



VERTICAL MARKET KIT

RETAIL

OCTOBER 2021





contents

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Introduction

The \$15 trillion global retail market is a key contributor to the world's economy and a major consumer of printed materials. Brick-and-mortar and online retailers invest heavily in digitally printed marketing materials and documents to power their operations. Because consumers and businesses always have a need to purchase certain items, the retail market offers opportunities in good and bad economic climates.

Even in today's electronic era, retailers need printed communication materials to drive purchases and maintain day-to-day operations. Some savvy businesses have found that printed direct mail can actually help them stand apart from their competitors. Most people are inundated with e-mails on a daily basis, so direct mail is the less cluttered channel.

Thanks to ongoing advancements in digital printing technology, retailers have more opportunities to differentiate themselves than ever before. Digital printing processes enable:

- ◆ The production of relevant, personalized communications that can be targeted on an individual level
- ◆ Just-in-time, on demand manufacturing
- ◆ Workflow automation for more efficient production
- ◆ More cost-effective use of static or variable color
- ◆ High-quality color capabilities with inkjet technology

Digital printing technology also makes it possible to produce printed communications with foils, white/metallic inks, special textures, and other embellishments. The tactile nature of physical direct mail makes it more memorable than digital messaging, and printed communications can also be used to connect the recipient back to online channels for a true omni-channel experience.

Successfully selling print to the retail market involves understanding how the industry works, identifying key trends and influencers, locating decision-makers, as well as developing solutions and applications that are aligned with the market's unique and ever-changing needs. This vertical market kit is designed to serve as a reference and selling guide for assessing and capturing the digital printing opportunity within the retail industry. This document outlines the necessary fundamentals for achieving success in the retail market.



Part 1: Overview of the Retail Market

The retail market offers many opportunities for print service providers (PSPs), especially those firms that support innovative personalized and multi-channel communication approaches to attract and retain buyers. Key printed products include brochures, direct mail, catalogs, coupons, sell sheets, signs, banners, wall/floor graphics, and point-of-purchase displays. Many retailers have found that they can maximize their communication efforts by linking printed materials to digital media channels.

The retail industry is highly competitive and visually focused. Imagery influences purchasing regardless of the communication vehicle: online, catalog, direct mail, or signage. In addition, communication materials are increasingly being versioned and/or customized with targeted messaging for specific audiences based on demographics, known preferences, or previous purchasing patterns.

Retailers sell merchandise, generally without altering it, and also deliver services related to the sale of these products. The products distributed through the retail channel are classified into three broad categories:

- ◆ Food products
- ◆ Soft goods (e.g., clothing, footwear, bedding, gasoline, cosmetics)
- ◆ Hard goods (e.g., appliances, electronics, furniture, sporting goods, auto parts)

Retail Categories

The retail trade sector includes two categories:

- ◆ **Store retailers** operate fixed, point-of-sale locations designed to attract walk-in customers. They typically sell merchandise to the general public for personal or household consumption, but some also serve business and institutional clients.
- ◆ **Non-store retailers** serve the general public, but they don't sell from a physical customer-facing traditional storefront. The establishments in this group reach customers and market merchandise via other methods, including online (e-commerce), infomercials, direct-response advertising, paper and electronic catalogs, door-to-door solicitations, in-home demonstrations, portable stalls (street vendors), online, and vending machines.

It is important to note that these categories are not mutually exclusive—some retailers with physical brick-and-mortar locations will also sell in non-store locations, such as vending machines or catalogs. In addition, virtually all of today's store retailers have an online presence. Now that Internet access has become so ubiquitous with the widespread use of smartphones and tablets, even traditional retailers have come to realize that an e-commerce presence is no longer an option, but a necessity to remain competitive.



Table 1: Major Types of Store Retailers

Branded Stores	Exclusive venues owned by a franchise or manufacturer
Specialty Stores (Multi-Brand)	Focus on a specific customer need; tend to carry most of the brands available in that category
Department Stores	Large stores carrying a variety of products
Supermarkets	Large retail outlets that primarily sell food, beverages, and personal care items
Discount Stores	Stores that offer discounts on retail pricing by selling high volumes and through economies of scale
Hypermarkets	Superstores that combine supermarkets and department stores
Convenience Stores	Small stores that carry food staples and a variety of other items
Shopping Malls	Enclosed or open-air structures that include many types of retailers in a single location

Table 2: Major Types of Non-Store Retailers

Direct Response Television (Infomercials)	Selling via television, with the prominent display of a toll-free number and/or Internet address that can be used to purchase products
Catalog Sales (Print and Online)	Consumers consult catalogs and make purchases online, via phone, or through the mail
Vending Machines	These machines sell a wide variety of products, including snacks, beverages, chewing gum, skin care items, or even electronics
e-Commerce/Online	The buying and selling of products or services via the Internet and other online networks
Multi-Level/Network Marketing	Products are sold directly to consumers and business partners by relationship referrals and word of mouth (e.g., Amway, Avon)



The Global Retail Market

The global e-retail market has been in a state of constant growth since 2014. According to [Statista](#), worldwide retail e-commerce sales amounted to \$3.5 trillion in 2019 and are projected to reach \$6.5 trillion by 2022. e-Commerce sales have been steadily increasing for several years, but they truly accelerated during the lockdown phase of the global COVID-19 pandemic. Homebound consumers and businesses who might never have considered online shopping in the past were suddenly forced into it because of a global health crisis. Now that so many people have experienced the ease and convenience of e-commerce (which in some cases features fast, free delivery), they are not likely to return to their old habits. This is not to say that traditional brick-and-mortar establishments will disappear completely—they still have a place in the ecosystem as many consumers appreciate the ability to physically see and touch an item before purchasing it. Even so, online shopping will likely become increasingly popular as time goes on.

According to Yahoo! finance, the top ten e-commerce retailers on a global basis are Amazon.com, Alibaba (China), JingDong (JD.com, China), Target, Tesco (Britain), Best Buy, Suning (China), Costco, Macy's, and Ebay.

Regardless of where or how goods and services are ultimately purchased, some characteristics of the global retail market are as follows:

- ◆ Factors that affect retail sales include purchasing ability (disposable income) and willingness to spend (consumer confidence).
- ◆ It remains important for retailers to reach out to potential and existing consumers so they can encourage new/repeat purchases, generate revenues, and build customer loyalty.
- ◆ Because the retail industry is so visually focused, print quality still matters. Imagery can influence a buyer's purchasing decision regardless of the communication channel (online, catalog, direct mail, or signage).
- ◆ Retailers' focus on quality demands print products that stand out and make a statement with image quality, personalization, and/or unique finishing applications. Printed products also require color consistency because precise color is a primary component of brand identification.
- ◆ There are more channels through which to purchase goods and more channels to communicate with buyers than ever before. As a result, the consumer is in control. Customers have come to expect a good experience with all of their retail interactions. If a retail experience falls short of their expectations, they won't hesitate to take their business elsewhere.
- ◆ Price is the most important aspect of competition for the retailer, but other factors such as location, display of merchandise, attractiveness/accessibility (of the establishment or the website), and reputation can also play a role.



- ◆ Although the retail business was traditionally dominated by smaller family-run or regionally targeted stores, the market is increasingly being overtaken by multinational conglomerates like Amazon and Walmart, indicating an era of “retail globalization.”
- ◆ Larger retailers have set up huge supply/distribution chains, inventory management systems, and widescale marketing plans.
- ◆ Shoppers seeking the best deals and the most up-to-date information are increasingly turning to social media platforms and other online sources to guide their purchasing decisions. For retailers, the Internet offers a variety of easy, cost-effective ways to reach consumers, prospects, and other influencers.
- ◆ According to IndustryARC.com, mobile commerce (m-commerce), the practice of shopping via mobile devices, is expected to reach \$425 billion by 2025 after achieving a compound annual growth rate (CAGR) of 29.8% between 2020 and 2025.

Major Market Trends

The New State of Retail

The rise of the Internet and the ability to make purchases online has taken full force within the retail market, and this trend only accelerated during the “lockdown phase” of the COVID-19 pandemic when many consumers chose to heed the advice of experts and stay home. Although the economy has since reopened, consumers' e-commerce habits are unlikely to change now that it has become so simple and convenient to purchase and receive many items without ever leaving home.

The traditional brick-and-mortar retail store is no longer the dominant medium for purchasing goods. Instead, it is only one of many potential connection points between retailers and consumers. There are some people who will always enjoy the traditional shopping experience so they can physically see, touch, and try out the items they are thinking of purchasing, and this is something that can never be completely replicated in even the most immersive virtual experience. Even so, retailers in today's market must position themselves as omni-channel providers that can deliver seamless shopping experiences, regardless of how they occur.

The retail industry must focus on stitching together sales from online, mobile, and brick-and-mortar locations, and the experience must be seamless across all channels. Today's “always on” consumers will demand an anytime, anywhere shopping experience that meets their expectations regardless of physical location.

Consumers are more empowered today than they have ever been in the past. Thanks to the wealth of information on the Internet, they can compare prices, see reviews, and even see products in action regardless of their location.



Personalization Remains in Integral Tool for Connecting with Consumers

Marketing collateral such as brochures, flyers, direct mail, window/floor graphics, and point-of-sale materials still account for a significant amount of print spend within the retail industry. An increasing number of retailers are incorporating quick response (QR) codes that direct consumers to video product demonstrations, additional information, or other helpful online content. In this way, they are creating a bridge that links the print and digital worlds.

Retailers are taking a more targeted approach in the battle for wallet share by making their marketing more personal. Marketing materials are increasingly being versioned and/or customized with targeted messaging for specific audiences based on known buying habits or demographics. Retailers are leveraging advanced data analytics and variable data technology to personalize their marketing collateral, all while attempting to predict future purchasing behaviors.

Parlaying customer knowledge into printed data-driven communications prompts purchasing as consumers receive relevant offers in a media form they must physically touch. A printed offer that demonstrates knowledge about the consumer is more likely to attract that customer's attention and drive action. By using data mining tools to identify unique customers at the individual or household level, retailers can rely on actual customer buying behaviors rather than generic segmentation to better target their offers.

Consumers love personalization! According to Epsilon, 90% of consumers find personalized shopping experiences appealing. Furthermore, 80% report that they are more likely to purchase from a brand that offers personalized experiences.

Catalogs Still Drive Sales

Even before online shopping fully took hold, many consumers were turning to the Internet for information about the products and services that they were considering. Over time, more retail locations have increased their web presences to include online stores and catalogs. Few would dispute that online spending is increasing, but the tried and true direct mail catalog remains an important component of the overall shopping experience. Even consumers who are doing most of their shopping online still like receiving catalogs so they can see a retailer's offerings and get ideas about things they might like to purchase.

Printed catalogs—like other forms of direct mail—are a great way to reach consumers in their own homes. They are also a perfect vehicle to drive consumers to physical retail locations or online stores as retailers can use them to communicate in-store offers or promotions, highlight popular options like pickup and/or delivery, and position the online purchasing experience as a viable alternative to an in-store visit.



In what might come as a surprise to some in today's digital age, the Harvard Business Review reveals that catalog mailings have been increasing steadily since 2015. Furthermore, it's not just the older shoppers who are using these catalogs; even Millennials and Generation Z consumers are actively seeking ways to unplug from technology. The old-fashioned printed catalog provides a break from all of the screen time, even if it's only for a moment before consumers rush back online to buy those must-have items. Distributing printed promotions is often far more costly, but some brands continue to rely on catalogs to connect with their target audiences. Even online giants like Amazon have been sending out printed catalogs to households in advance of the past few holiday seasons. This is just another example of a printed communication providing a bridge to the digital world in the retail environment.

Printed catalogs are maintaining their relevance, but many retailers have cut the production of mega-sized printed catalogs in favor of mailing a larger volume of smaller, more customized catalogs to consumers to stimulate buying and visits to physical and online venues. In addition to reducing postal costs, this provides the consumer with catalogs that are more relevant to their known or suspected interests.

Customer Acquisition and Retention Gets Personal

Direct marketing is a major tool for customer acquisition and retention. More of these programs are highly personalized, with cross-media promotions that are customized to specific demographics or individuals with known buying patterns. They are used to attract new customers, to encourage customers to visit physical or online stores, and to reward frequent buyers. These promotions can also be targeted toward specific retailer needs, such as promoting specialty or seasonal items. As postal rates increase, many retailers are increasingly looking to postcards and self-mailer brochures that are linked to personalized or customized web microsites to drive customer interest.

Whether it is in-store or online, retailers have become quite savvy about obtaining e-mail addresses from consumers to facilitate the delivery of future communications. Some will even offer a percent-off discount for people who provide their e-mail addresses, and many are happy to oblige. Furthermore, because consumers can be specifically identified via loyalty cards and other identifiers, many retailers are now attempting to personalize their offerings based on the information they have collected about their customers. Firms are harnessing data to deliver personalized programs, enhance customer experiences, and reward loyalty.

Today's consumers are fully in control of how they want to be communicated with—whether it is print, online, mobile, social media, or some combination. Although printed communications remain important, it is the synergistic use of media that is connecting retailers to buyers. In fact, most marketers are using multiple channels to reach and



engage with their customers. Retailers are using a variety of media types and measuring the results of those channels to optimize messaging and channel use.

In today's multi-channel/omni-channel media world, print still commands a high level of interest because it is a tangible and tactile conduit for blending/combining media channels to deliver even more to a purchaser. What's more, print is the less cluttered channel in relation to the sea of e-mail messages that most consumers receive via their personal and business accounts, and it has a way of standing out and getting attention in our digital world. This is particularly the case as "digital fatigue" has set in among many consumers (even digital natives).

Social Media and Mobile are Trending Up

Social media and mobile technology continue to have a significant impact on retail businesses as consumers increasingly use these channels for shopping, coupons, online promotions, price checks, product comparisons, and other information. Most retailers are now using these channels to reach more customers, enhance the customer experience, foster loyalty, and identify new ways of doing business.

As is the case with most industries, though, the Internet is a double-edged sword for retailers—particularly those most strongly associated with the traditional brick-and-mortar layout. Some consumers have taken to "showrooming," which is defined as visiting a retail store to examine a particular item but then shopping online to find the very best price for that item.

Retailers are also using mobile apps to retain existing customers and drive new traffic. Customers with mobile apps can receive special incentives when they visit retail or online locations. These apps also enable retailers to create virtual bundles that are difficult for competitors to replicate, like "buy a camera and a memory card and get a carrying case for free." This can help foster increased loyalty.

There was a time when location was the most important factor in retail success, but physical distance is no longer a barrier in today's world. Consumers now have the power to purchase nearly anything—and often have it delivered—from anywhere in the world. At the same time, however, retailers can use the geolocation information systems in smartphones to draw consumers who might be in close proximity into their retail stores for spur-of-the-moment purchases.



Mobile Marketing Takes Center Stage

Because consumers have become so dependent on their smartphones and generally have them within reach at all times, retailers have developed mobile applications to answer customers' questions about products, alert shoppers to deals, customize offers, reward purchases, as well as make purchases on the fly and then pick them up shortly thereafter.

The new mobile frontier is shifting to a customer relationship management model that enables retailers to understand exactly who their customers are. These consumers can then opt-in to receive communications and define precisely how they want retailers to interact with them. Collecting data can provide retailers with a better understanding of their customers, making it possible for them to deliver more relevant offers. Digitally printed one-to-one direct mail pieces based on individual behaviors can power reward programs, customized coupons, and sales brochures that drive consumers to physical and online stores.

Retail is a Strong and Dynamic Market

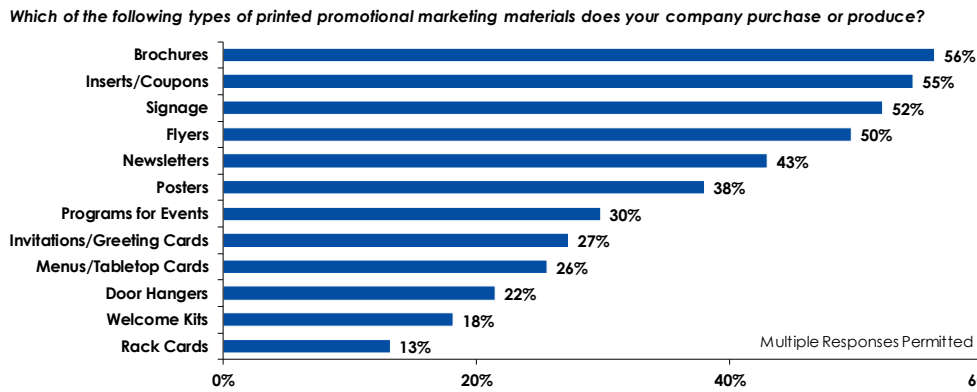
Retail is a dynamic industry that is continually reinventing itself to respond to consumers' changing demands, capitalize on the latest trends, and sell new products. Technological shifts have ushered in a new era of 24/7 purchasing options, multiple communication channels, price transparency, and consumer buyer power. This market has moved into the digital realm in the way that it sells products as well as how it communicates with customers through thoughtful integration of traditional and modern approaches. Although the industry hasn't abandoned traditional communication tactics (e.g., print), it has strengthened them with new technologies and practices that maximize customer engagement, build loyalty, and improve the overall customer experience.

Figure 1: Global Resources for the Retail Industry

About.com Retail Industry (http://retailindustry.about.com)	National Retail Federation (NRF; www.nrf.com)
British Retail Consortium (www.brc.org.uk)	Retail Customer Experience (www.retailcustomerexperience.com)
Chain Store Age (www.chainstoreage.com)	Retail Industry Leaders Association (RILA; www.imra.org)
Convenience Store News (www.csnews.com)	Retail Marketing News (www.retailmarketingnews.com)
Electronic Retailing Association (www.retailing.org)	Retail Traffic Magazine (www.retailtrafficmag.com)
eMarketer (www.emarketer.com)	Shop.org (www.shop.org)
Federal Trade Commission (www.ftc.gov)	STORES (www.stores.org)
Global Retail Marketing Association (www.thegrma.com)	Supermarket News (www.supermarketnews.com)
Green Retail Decisions (www.greenretaildecisions.com)	



Figure 3: Printed Promotional Marketing Materials



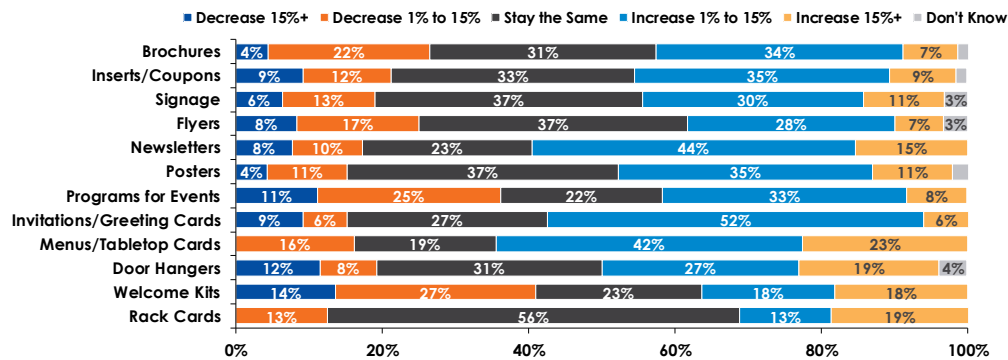
N = 121 Respondents in the Retail Industry responsible for printing services for marketing/promotional collateral
 Source: US Vertical Vision Study; Keypoint Intelligence 2020

Many of the applications in the Figure above can be delivered across media channels, and all strongly align with the benefits of short-run, on-demand, personalized printing.

When respondents that purchased these applications were asked how they expected their spending to change in 2021, the share of respondents that expected an increase exceeded the share that anticipated a decrease in nearly all categories.

Figure 4: Anticipated Change in Spending on Promotional Marketing Materials

In 2021, how do you expect spending on the following types of printed promotional materials to compare to the past few years?



N = Varies; Base: Respondents in the Retail Industry that purchase these printed promotional marketing materials
 Source: US Vertical Vision Study; Keypoint Intelligence 2020

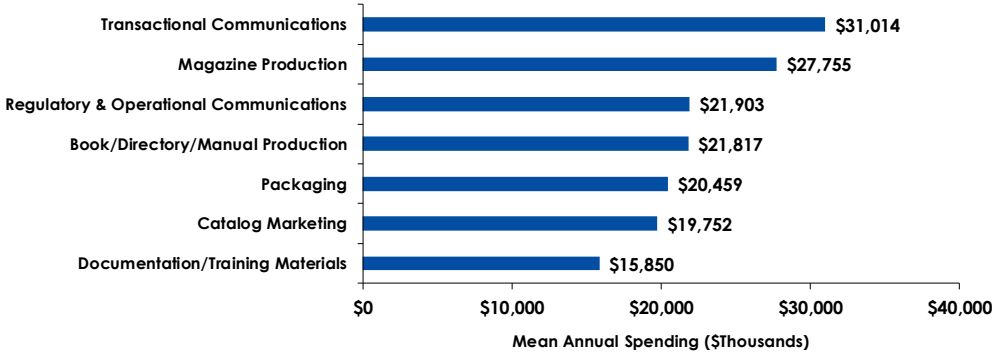


Spending in Key Areas

The retail market invests heavily in communication products. The Figure below outlines mean annual spending on various areas within the retail sector. Spending on the production of transactional communications was the highest at over \$3.1 billion.

Figure 5: Total Annual Spending on Key Marketing & Communication Areas

Approximately what was your company's/organization's total annual spending on the following last year?



N = Varies; Base: Respondents in the Retail Industry responsible for printing services for these communications
Source: US Vertical Vision Study, Keypoint Intelligence 2020

Print makes up a significant portion of the retail market's communication spending. According to Keypoint Intelligence's research, retail respondents responsible for creating, managing, or purchasing marketing/promotional collateral reported spending an average of nearly \$48,000 for individual print jobs.

Retailers are Expanding Their Use of Communication Channels

Retailers are expanding their use of communication tools to engage with audiences across media channels. Given this shift, it is only natural that most retailers anticipate a decline in their overall print spending. At the same time, however, print will remain an important component of communication spending as it offers high appeal and effectiveness when integrated with digital media channels in personalized, data-driven campaigns.

An increasing number of retailers are recognizing the value of using an integrated cross-media approach to reach customers and prospects. They are using a variety of media types that include print, online, social, conventional advertising, e-mail, and text messaging. Retailers are also starting to take advantage of real-time interactive connections to build stronger relationships with their customers.

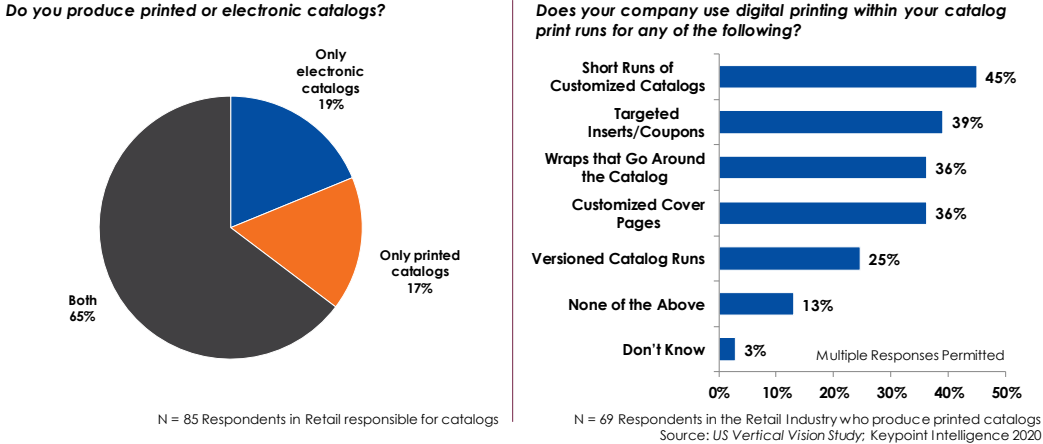


Digital Printing Serves the Needs of the Retail Market

Digital printing continues to gain ground in the retail market. Most of the retail applications that are printed via offset today are poised for a transition to digital because they can benefit from personalization, short runs, and quick turnaround times. Applications in the retail industry that are well-suited for digital printing include signage, brochures, marketing collateral, point-of-purchase materials, packaging, newsletters, labels, floor/wall graphics, direct mail, and catalogs.

According to Keypoint Intelligence's research, over 80% of the respondents responsible for catalog production were printing at least some of their catalogs (meaning that they weren't producing all of their catalogs electronically). Of these, digital print technology was most commonly used for short runs of customized catalogs and targeted inserts/coupons.

Figure 6: Digital Printing of Catalogs in the Retail Industry

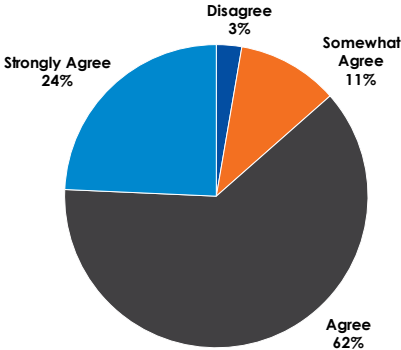


Although only about 28% of respondents in the retail industry were producing books, over 85% of those that were agreed or strongly agreed that they were increasingly using digital technology for the printing of these books.



Figure 7: Digital Printing of Books in the Retail Industry

To what extent do you agree with the following statement? – “We are increasingly using digital print technology to produce books.”

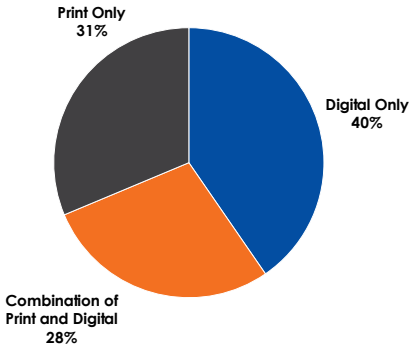


N = 37 Respondents in the Retail Industry who produce books
Source: US Vertical Vision Study; Keypoint Intelligence 2020

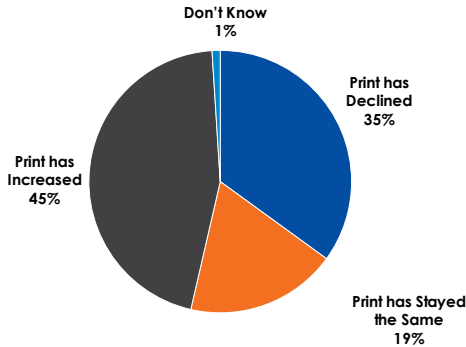
Although respondents in the retail industry reported that 40% of bills and statements were sent to customers in digital format only, the flip side of this is that 60% of respondents are still receiving at least some transactional communications in printed format. In addition, nearly two-thirds of respondents reported that the volume of printed or mailed transactional communications stayed the same or increased over the past three years.

Figure 8: Delivery Format of Bills/Statements

What percentage of the bills/statements sent to customers are digital only, print only, or both?



How has the volume of printed/mailed transactional communications changed over the past 3 years?



N = 97 Respondents in the Retail Industry with responsibility for transactional/regulatory communications
Source: US Vertical Vision Study; Keypoint Intelligence 2020

As they strive to reduce costs, some businesses are attempting to accelerate the transition to paperless communications. The paperless option may be the default for new customers or, in some cases, it may be the only option. Even so, Keypoint Intelligence's most recent transactional communications research suggests that this may not be the best long-term strategy. Over three-quarters of respondents to that survey wanted to decide which channels their providers used to communicate with them, and nearly half (47%) wanted printed versions of their bills and statements. In addition, 64% of respondents agreed that when they switched from one provider to another, it was often due to a bad experience—like a disregard of personal communication preferences!



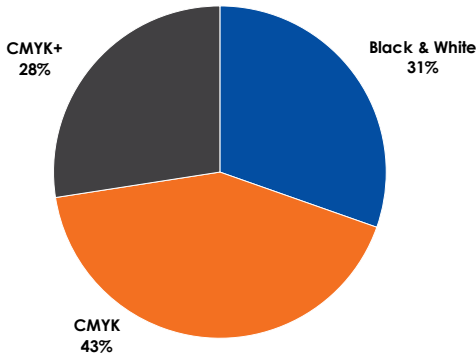
In today's digital world, the key to success is actually a combination of print *and* digital communications. There is no "one size fits all" approach; it's about supplementing print with digital to have a stronger impact and enable the greatest customer experience possible. In a world where consumers have become inundated with digital communications, print can really stand out in a meaningful way while also driving consumers back to digital channels for increased engagement.

CMYK and CMYK+

As is the case in many industries, color printing is playing an increasingly important role in marketing/promotional collateral in the retail sector. Respondents reported that 43% of their print spend was devoted to standard cyan, magenta, yellow, and black (CMYK), and another 28% was dedicated to CMYK+ (i.e., the four standard process colors plus additional effects like metallics, spot colors, or glossy coatings).

Figure 9: Print Spend Devoted to Black & White vs. CMYK

How much of your print spend is devoted to the following?



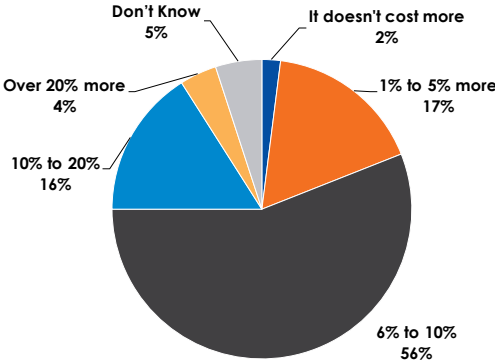
N = 121 Respondents in the Retail Industry responsible for creation, management, or purchasing of marketing/promotional collateral
Source: US Vertical Vision Study; Keypoint Intelligence 2020

On average, retail respondents report that CMYK+ jobs cost about 8.7% more than basic CMYK printing. Like many other industries, marketers within the retail sector are finding that effects like metallic/fluorescent inks, white/clear coatings, or neon can bring extra flair and value to their printed communications.



Figure 10: Extra Cost for CMYK+

On average, how much extra do the jobs requiring CMYK+ cost in relation to standard CMYK?



N = 100 Respondents in the Retail Industry who spend money on CMYK process color
Source: US Vertical Vision Study; Keypoint Intelligence 2020

Communication Application Revenue Opportunities

The retail market offers many opportunities for providers who offer digital printing supported by Internet-enabled workflows. Serving the retail market requires a number of key staples, including the ability to offer personalization, better management and ordering for communication materials, as well as integrated multi-channel communication workflows.

Personalized Print

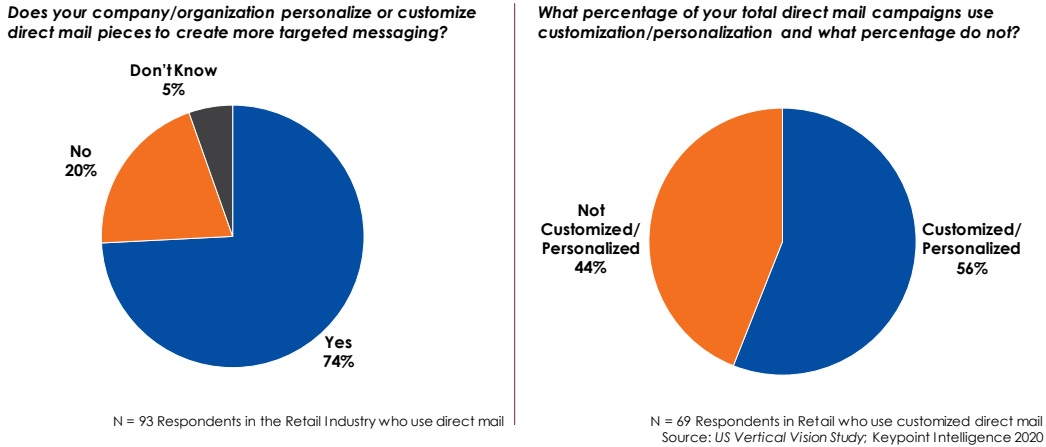
Retail establishments are big users of multi-channel direct marketing campaigns. Increasingly, these programs are highly personalized, with promotions that are customized to specific demographics or individuals with known purchasing buying patterns. This can range from simple address and salutation to fully personalized promotional or transactional documents.

Variable documents contain information such as text or images from a database or file, and apply logic or business rules to make them unique to each recipient. Variable data printing (VDP) solutions offer the capability to personalize all kinds of items, including direct mail, invitations, newsletters, brochures, reports, and customer statements.

Keypoint Intelligence's research confirms that nearly three-quarters of retail respondents are using customization or personalization to make their direct mail messaging more targeted. This customization might involve changing images or text modifications. Among those respondents that create personalized direct mail, about 56% of these campaigns are customized.

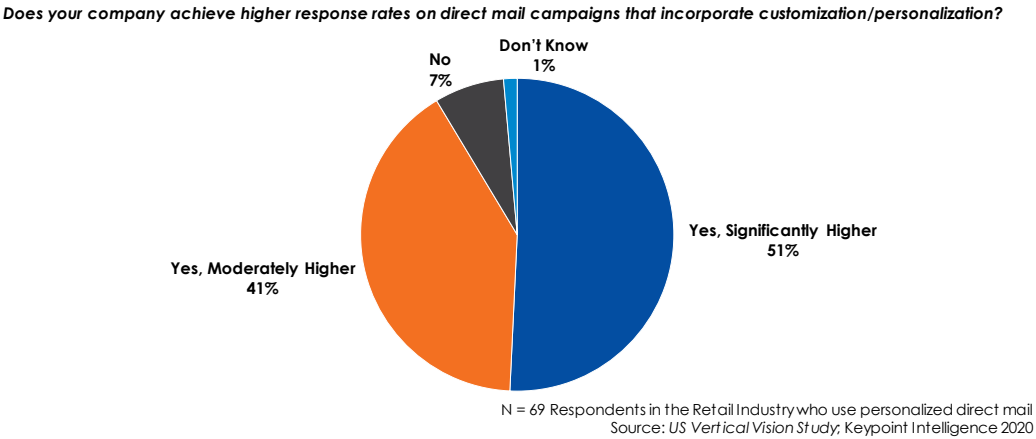


Figure 11: Personalized Direct Mail



Personalization of direct mail pieces can pay off dramatically for the retail industry. To this point, over half of retail respondents reported significantly higher response rates on direct mail campaigns that incorporated customization, and another 41% reported moderately higher response rates.

Figure 12: Response Rates Associated with Personalized Direct Mail



VDP enables PSPs to enhance the return on communication investments with its ability to enhance message relevance. Relevant communications drive response rates to marketing offers and communications that require an action. Organizations of all types need assistance with data-driven personalized print programs, and this creates an opportunity for external or in-house PSPs. To capitalize on this opportunity, PSPs must make smart investments in hardware and software products that power variable data. The ability to create relevant content is critical.



Online Ordering/Supply Chain Management

e-Commerce (also called web-to-print) has completely taken hold in the retail market. Web-to-print solutions are Internet-based software applications that facilitate commerce, collaboration, and/or customer service interaction between those who buy printed products and those who produce/sell them. These solutions, which are an integral element of workflow automation, encompass the entire delivery system (including page design, job file submission, online calculation, job tracking, soft proofing, online payment, online shipping, and inventory management). Print buyers rely on these systems to increase automation, improve operational efficiency, better control brand management, enhance customer retention, and remove costs and time from the print procurement process.

These online storefronts enable users to:

- ◆ Upload print jobs
- ◆ Reprint standard items such as product catalogs, flyers, and forms
- ◆ Create customized materials based on corporate-approved templates (e.g., mailers, business cards, business stationery)
- ◆ Order printed and non-printed items from inventory

The benefits of web-to-print include a reduction in administrative and sales time in securing orders, enhanced brand control (with the proper use of logos and formats), and improved accounting (because proper approvals and charge-backs are pre-programmed into the system).

In addition, online print ordering and job management systems meet retail marketers' needs to better manage and optimize their marketing supply chain—the chain of suppliers that an organization relies on to produce marketing materials. Web-to-print systems provide retail marketers with an agile and scalable communication ordering process that reduces costs from over-ordering materials and assists in allocating dollars appropriately.

Web-enabled marketing supply chain management offers the following benefits:

- ◆ A lower likelihood of producing ineffective materials
- ◆ A reduction in unnecessary inventory, thus increasing working capital
- ◆ The elimination of obsolete business processes
- ◆ Increased production and faster responsiveness to market demand

Based on industry trends and the results of Keypoint Intelligence's research, the message is clear—print providers that are serving the retail market must offer web-to-print options if they hope to remain competitive.



The Customer Experience Comes Front and Center

The concept of the customer experience is not new—businesses have been formulating strategies on how to keep clients engaged and happy for decades. From mapping the customer journey to learning the psychology of the point of sale to identifying the importance of retention, this process is already well-understood.

It has long been established that existing customers are generally much more profitable for businesses than new customers. Data from Bain & Company, in coordination with Harvard Business School, showed that even a 5% increase in customer retention can transform into a profit increase ranging from 25% to 95%. It is also cheaper to rely on returning customers. Capturing the attention of any audience is difficult. There are countless channels of communication, and the average customer is bombarded by marketing messages and advertising campaigns. According to information compiled by Invesp, it costs roughly five-times as much to entice a new customer as it does to retain an existing one.

Furthermore (and not surprisingly), it is easier to sell to existing customers. The first step—convincing a customer to buy from a brand—has already been completed, so marketers need only convince that customer to keep buying. This should be easy as long as the customer was satisfied with their experience. It is no surprise that the customer experience is front and center in the minds of many retail establishments—customers who have positive experiences purchase more often and are more loyal. Meanwhile, consumers that feel disrespected or unheard are more likely to defect to a competitor. It is more important than ever for providers to deliver a positive experience because the customer experience is intimately tied to engagement and loyalty.

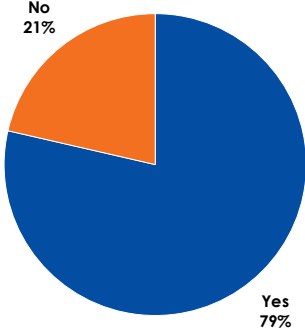
The Rise of e-Commerce

As noted earlier, the retail industry (like so many others) has seen a tremendous spike in online ordering. Consumers and businesses have become more comfortable with online ordering than ever before. As a result, it should come as little surprise that over three-quarters of retail respondents to Keypoint Intelligence's survey are currently shipping directly to customers as a result of purchases made on their websites or e-commerce platforms.



Figure 13: Shipping Directly to Consumers or Businesses

Does your company ship products/packages directly to consumers or businesses as a result of purchases made on your website or e-commerce platform?



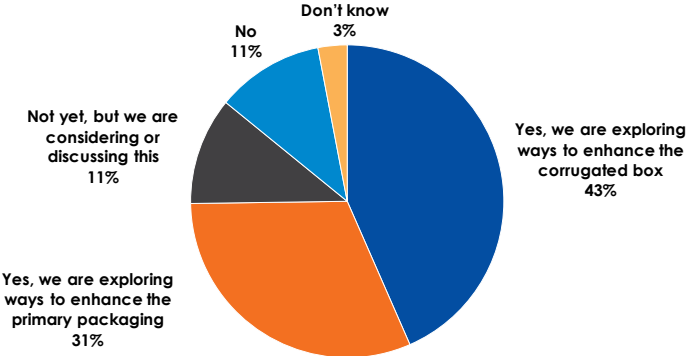
N = 126 Respondents in the Retail Industry responsible for printing services
Source: US Vertical Vision Study; Keypoint Intelligence 2020

Businesses across all verticals are working to deepen their connections with clients and consumers, and ongoing improvements to digital technology now enable an enhanced “unboxing experience” with packaging. Digital printing makes it possible to print more colors or embellishments on the increased number of boxes that are being delivered to homes and businesses. Packages can now be customized and personalized, and some are incorporating spot varnish, digital foils, or raised textures for more appeal. Businesses can also include more personalized printed materials within these packages. Brand owners are working to create the best experience possible in all of the ways they interact with customers, and this includes the delivery of packages.

Of the retail respondents who were shipping products/packages directly to customers, nearly three-quarters were already taking steps to enhance the unboxing experience in some regard. Another 11% were discussing or considering the possibility.

Figure 14: Enhancing the Unboxing Experience

With more people and businesses ordering online, is your company exploring ways to enhance the “unboxing experience”?



N = 99 Respondents in the Retail Industry who ship products or packages directly to customers
Source: US Vertical Vision Study; Keypoint Intelligence 2020



Now that consumers are shopping via more channels than ever before, retail establishments have less of an opportunity to connect with their customers face-to-face—but this doesn't mean they still can't stay connected! Packaging is yet another medium that can be used to establish and maintain a relationship between retailers and their customers.

The rise of e-commerce ties back to that ever-important customer experience. Packaging is just another touchpoint that businesses can—and should—use to stay connected with their customers.

Cross-Media Marketing

Retail organizations understand the need to blend media types in today's multi-channel world. No single channel—print or digital—is sufficient for an effective, relevant, and engaging marketing campaign.

Cross-media marketing can be applied within the retail market in a variety of ways:

- **e-Mail Campaigns:** Typically working with the marketing department of the organization, print shops are moving into helping with e-mail campaigns. In the retail market, these campaigns might originate when the corporation is trying to reach out in an economical fashion to existing customers and/or prospects. They might be targeted campaigns that are designed to appeal to a specific subset of consumers. Offering this service involves building a list of whom the communication is going to; having an attractive, well-thought-out message; and creating an effective and clear call to action.
- **Personalized URLs (pURLs):** pURLs are personalized websites that are customized to the person visiting them. They are often used with direct mail campaigns to increase response rates or gather information on prospective customers. First, a printed piece encourages recipients to log on to the pURL. When the recipient does so, the information from the database is used to tailor the web page experience to that person. Moreover, once the individual logs in, the website can track the respondent's activities and continue to tailor the information based on their behavior. This information can also be used to better customize any future communications.
- **Linking Print and Mobile:** Smartphones are now ubiquitous, and most people carry these devices with them at all times. Printed mobile barcodes that can be read by smartphones are serving as bridges that connect print to the online world, with the idea being that the two channels work better together. Print serves as the trigger for capturing initial attention, and the code takes viewers to a web page to view or provide additional information. Mobile barcodes can be used to store all kinds



of data, including URLs. The quick response (QR) code is a very popular type of mobile code for marketing in sales materials. In retail, the codes may be included in communications that direct customers or prospects to a nearby physical location or an instructional video on a new product or service.

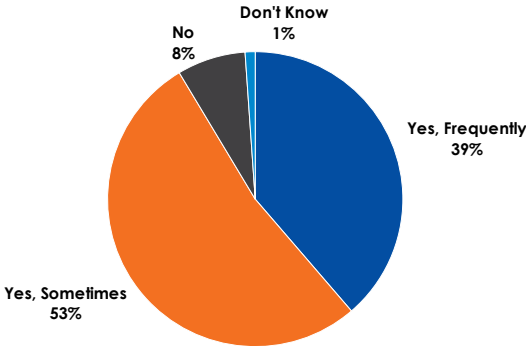
Leveraging Print in a Digital World

Retailers worldwide are expanding their use of communication tools to engage with audiences across an ever-widening array of channels. Online channels have become especially important for the retail sector over the past several years. Consumers and businesses have also become more comfortable with online shopping than they have ever been before, so e-commerce is expected to flourish.

In Keypoint Intelligence's *Vertical Visions* study, retail respondents approximated that their spending split was 56% digital media versus 44% traditional media. Among firms that use direct mail, the vast majority were frequently or sometimes coordinating their direct mail campaigns with e-mail or other digital media.

Figure 15: Combining Direct Mail with Digital Media

Are direct mail campaigns coordinated with e-mail or other digital media campaigns?



N = 93 Respondents in the Retail Industry who use direct mail
Source: US Vertical Vision Study, Keypoint Intelligence 2020

Communication decision-makers in the retail market are investing in areas that enable the combination of print with digital media channels to create personalized, data-driven, cross-channel campaigns.

Selling to the Retail Market

Effectively selling to the retail market starts with understanding the market and its dynamics. Assessing the competitive landscape should be an ongoing practice. Other important steps include understanding buying practices, identifying decision-makers and the things that are important to them, developing prospecting and networking strategies that yield results, and offering services that solve customers' problems.



The retail industry presents an excellent opportunity for print service providers who have the ability to produce high-quality, customized and personalized marketing collateral, as well as develop and manage customer retention and acquisition programs. Retail companies all need to grow sales and customer share, head off fierce competition, build customer loyalty, and focus on their core competencies while turning to partners to help them with the rest.

Assess the Competitive Landscape

Sizing up the competition begins with assessing who retailers trust with their communication needs, and why. As noted earlier, retailers are expanding their use of communication tools and optimizing marketing messaging to engage with audiences across a wider variety of media channels. Print service providers have the opportunity to expand their stature in retail organizations by offering marketing support services. Many providers have been steadily expanding to offer marketing services, and retailers are taking advantage of these services.

Identify Decision-Makers

Identifying the right contacts in retail organizations—those with decision-making and budget authority—is a critical step in winning work. This is a two-pronged effort that includes identifying the units of an organization that purchase communications and the decision-makers with the authority and funds to buy.

According to research from Keypoint Intelligence, communication purchasing decisions in the retail market are typically made at the corporate level. Targeting decision-makers at the corporate level offers the biggest opportunity for selling services, but it is also important to invest in relationships at lower levels of an organization to develop champions that can serve as advocates.

Identifying and targeting buyers within the retail market is a necessary step, but it can also be challenging because the job titles of individuals with purchasing authority are quite varied. Identifying the right person to contact may require some investigative work, including online searches, visits to social media sites, e-mail enquiries, or phone calls.

Key job titles with buying power in the retail market include:

- ◆ Buyers
- ◆ Merchandisers/Visual Merchandisers
- ◆ Designers
- ◆ Directors of Purchasing
- ◆ Business/Marketing/Sales Managers



- ◆ Chief Marketing Officers

In addition, there are industry-specific buyer directories and databases available for targeting retail buyers. Two resources for targeting retail buyers in the US and Canada are The Chain Store Guide (www.chainstoreguide.com) and The Salesman's Guide (www.thesalesmansguide.com). Meanwhile, Retail-Index.com offers profiles and key data on national and international retail chains in any European country and several major countries outside Europe—including Brazil, the US, and the Russian Federation. These services feature information on the company's name and headquarters, contact details, management (CEO), turnover development, number of stores, and websites.

Understand Buying Practices

Purchasing rules play a significant role in corporate buying decisions. Procurement policies seek to leverage buyer power, control spending, and ensure that essential requirements (e.g., price, quality, turnaround time) are met. Understanding a customer's buying practices and guidelines helps in writing winning proposals. In the retail market, larger firms tend to have purchasing rules while smaller firms do not.

Recognize Customers' Challenges

Identifying and understanding customers' challenges is a critical step in driving sales results and becoming viewed as a valued and trusted partner. Having a deep understanding of customers' challenges is the foundation for offering services that solve real issues and drive customer success. The idea is to identify and convert customers' most pressing needs into sales opportunities.

Monitoring the trends in the retail market is a practical exercise and ongoing activity that leads to developing those services that solve customer problems. Keeping a close eye on the actions of key leaders in the market should be a daily part of the sales routine.

Successfully selling to decision-makers in the retail market requires offering services that will meet their demands and solve their problems, so understanding these challenges is the first step in effective marketing.

Solve Buyers' Challenges

Communication buyers in the retail market tend to view public relations firms, advertising agencies, and print distributors as partners, yet they often see print service providers as vendors. There is an opportunity for print service providers to change the status quo and gain customers.



Serving the retail market's expanding communication needs requires printing firms to elevate their status in the eyes of retail customers. Changing this perception requires demonstrating market knowledge, providing customers with solutions to their unique challenges, and producing promotional materials that demonstrate the ability to meet retailers' specific needs.

Strategies for Building Solid Customer Bonds

Monitor Market Trends

Monitoring the trends of the retail market is a practical exercise that facilitates the development of services that can solve customer problems. The resource list in Figure 1 provides a comprehensive list of sources to keep up with retail market trends. Market monitoring can be as simple as subscribing to an e-newsletter to scan headline news from your e-mail box or joining discussion groups to scan trends or find sales prospects.

Customers want to do business with companies that understand their unique needs and market. Uncovering new opportunities to serve customers begins with compiling and leveraging market intelligence to position your firm as a trusted and knowledgeable communication advisor.

Leveraging market monitoring to identify and solve challenges that retail customers didn't even realize they had is a solid competitive defense.

Profile Customers and Prospects

Strong product offerings and client relationships are built on knowing and understanding customers' needs. Creating customer profiles or fact sheets can intensify customer knowledge, while also arming sales staff with customer reference briefs. Profiles should include a history of the client's company and capture salient data such as company principals, key account stakeholders, staff with budget authority, number of employees, products/services offered, number of locations, and annual sales.

There are many online resources that can help you follow and track customers. By visiting customers' and prospects' websites and social media pages, you can gain solid insights into their business, values, and culture. You can find out what the company provides, identify key players and decision-makers, learn about the company's history and mission statement, and get a feel for the firm's personality. Profiles should also have a human element—for example, consider creating a database of key client contacts' birthdays and personal interests!



Engage with the Industry

Engaging with organizations that serve the retail market can offer a venue to learn more about the industry and provide an opportunity to meet sales prospects. Industry organizations often host education, training, and/or networking events. Regardless of whether these events are virtual or in person, they can give you an insiders' view on key challenges that you might be able to solve. Getting involved provides access to key individuals that can help feed the sales pipeline.

Prospect with Purpose

Winning sales starts with identifying the right contacts and convincing them to take the initial steps to learn more about you. When selling personalized or short-run digital printing, it's important to gain insight into a prospect's business so you can propose a valid solution based on their business needs and requirements. By delivering the right message to key buyers and stakeholders, you can increase the likelihood of converting a prospect into a customer.

Networking Builds Relationships

Networking is a sales effort power tool that can serve as super glue to a relationship. It solidifies existing customer relationships while also driving more effective prospecting. There are a number of benefits to networking, including:

- ◆ Staying connected with customers and contacts
- ◆ Expanding relationships in customer organizations
- ◆ The ability to share knowledge, insights, and contact information
- ◆ The ability to get the help you need from people who are in a position to provide it—as well as the opportunity to help others
- ◆ Getting more done with less effort
- ◆ Building relationships before you need them
- ◆ Strengthening ongoing relationships
- ◆ Positioning yourself as an expert

Achieving Success in the Retail Market with Digital Printing

Although print is playing a supportive role in our multi-channel retail world, this is true for all of today's media channels. Adding ancillary services to offset declines in print revenues and better service to customers is the new equation for success in the retail market.



The retail market offers solid opportunities for print service providers to grow business and digital printing volumes. Communication buyers in the retail market want providers that can recommend products and services aligned with their unique needs today and in the future. They will also demand proof that you understand their market and can deliver on the services you promise. Creating sales and promotions pieces for retailers that address key market trends and demonstrate unique abilities to drive revenues and improve efficiency hinges on learning the market.

The retail market is expanding the channels it uses to reach and engage consumers to power sales, but print—especially digital print—is an important player in that media mix. Savvy retailers are blending print with new media technologies to learn more about customers and deliver tailored offers and information that prompts purchasing.

Retailers are leveraging the benefits of digital printing—short run, high-quality, personalization, fast turnaround, just-in-time, sustainable, efficient—to acquire and retain customers, and to improve the efficiency of internal operations. Growing sales and reducing costs are critical success factors in retail, and digital printing is delivering results on both fronts.



The Bottom Line

Educating consumers about products and services, ensuring satisfaction, attracting new customers, and becoming an active member of a community all require ongoing communication efforts. Print is and will remain an important component of the communications mix for retail providers. Retailers are leveraging the benefits of digital printing—short run, high-quality, personalization, fast turnaround, just-in-time, efficiency—to establish relationships with customers and prospects, advertise their offerings, improve the efficiency of internal operations, and increase their market share. They are also communicating with consumers across an ever-widening array of media channels. Growing sales and reducing costs are critical success factors in the retail market, and digital printing is delivering results on both fronts. Savvy businesses are learning that print can be blended with other media technologies to deliver tailored offerings that encourage purchases and help foster loyalty.



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